

**REPORT OF THE PORTFOLIO COMMITTEE ON HUMAN SETTLEMENTS, CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS IN RELATION TO THE 2014/15 SECTION 47 CONSOLIDATED ANNUAL MUNICIPAL PERFORMANCE OF THE DEPARTMENT OF CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS (COGTA) – MEETING HELD ON 25 OCTOBER 2016.**

**1. INTRODUCTION**

The Portfolio Committee on Human Settlements, Co-operative Governance and Traditional Affairs (the Committee) conducted an oversight over the Department of Co-operative Governance and Traditional Affairs as it is mandated by Section 114 of the Constitution of the Republic of South Africa, (Act 108 of 1996), to determine whether the Department of Co-operative Governance and Traditional Affairs managed to assist in respect of the Section 47 Consolidated Annual Municipal Performance Report for 2014/15 financial year and hold it accountable through various measures..

**2. METHOD OF WORK**

The Speaker referred the 2014/2015 Section 47 Consolidated Annual Municipal Performance Report of the Department of COGTA to the Portfolio Committee on Human Settlements and Co-operative Governance and Traditional Affairs for consideration and report back to the Legislature, as contemplated in Rule 219 (4) of the Rules and Orders of Mpumalanga Provincial Legislature (the Rules):

On 12 October 2016, the cross functional task team briefed the Committee on the Section 47 Report of the Department of COGTA for 2014/2015 financial year. The Committee then met with the Department of Co-operative Governance & Traditional Affairs on 25 October 2016. On 03 November 2016, the draft Committee report was considered by the Committee.

### **3. GENERAL OBSERVATIONS BY THE COMMITTEE ON THE SECTION 47 CONSOLIDATED ANNUAL MUNICIPAL PERFORMANCE REPORT FOR 2014/15 FINANCIAL YEAR**

- ❖ The overall quality of the annual performance reports has improved over the past five years.
- ❖ The report indicates that there is sufficient room for municipalities to improve service delivery in their communities in terms of ensuring that more and more households do have access to water; sanitation and electricity.
- ❖ All municipalities in the Province of Mpumalanga need to guard against regression in terms of their audit outcomes.
- ❖ Ehlanzeni and Nkangala District have received clean audit.

### **4. BROAD OVERVIEW BY THE MEC**

The MEC, Hon RM Mtshweni thanked the Committee for an opportunity to come and report on the Section 47 report for the 2014/15 financial year. The MEC reported that the Department was able to submit the report to the Legislature within the stipulated time frame.

The MEC reported that Section 47 is derived from the Section 46 reports compiled by the municipalities which are then consolidated by the Department as Section 47 report. The Section 46 reports had offered valuable and reliable information, whilst some did not have full and accurate information as guided by the Municipal Finance Management Act (MFMA) Circular 63 that also guides municipalities in terms of the format, the content and the time lines of producing such reports. The MEC further reported that whilst configuring the Section 47 report there were discrepancies that were picked up, some of which are copy and paste.

Most issues were raised with the municipalities, in future, municipalities would be requested to come and present their reports on quarterly basis as a build up towards the annual report. This would strengthen the monitoring and evaluation to avoid repetition of same mistakes to be committed again which then leaves the Section 47 report to be vulnerable in terms of its accuracy and reliability.

In her closing remarks, the MEC assured the Portfolio Committee that all issues that would be raised by the Honourable Members will be swiftly attended to and thereafter the MEC requested the HOD to provide a detail account on the Section 47 Consolidated Annual Municipal Performance Report for 2014/15 financial year.

## **5. PRESENTATION ON THE SECTION 47 REPORT BY THE HOD**

The HOD, Mr TP Nyoni, reported that the 2014/15 Consolidated Annual Municipal Performance Report contains an analysis and assessment of municipalities in the province demonstrating areas in which progress has been achieved and remaining areas for improvement.

The HOD also reported that all municipalities in the province have an approved Spatial Development Framework (SDF); only four (4) municipalities had an SDF which is compliant with the requirements of Spatial Planning and Land Use Management Act, 2013 (SPLUMA). The HOD reported that the municipalities that are in compliant are: Umjindi Local Municipality (LM); Thaba Chweu LM; Govan Mbeki LM and Gert Sibande District Municipality (DM).

The HOD also reported that all municipalities had reviewed their Integrated Development Planning (IDP's). The municipalities have also improved in the achievement of their developmental objectives; 14 out of 21 municipalities had disaster management centres established; five (5) municipalities shared disaster management centres with their district municipalities and eight (8) municipalities three (3) districts and five (5) local have disaster management framework.

The HOD indicated that 21 municipalities in the province had Local Economic Development (LED) strategies. Emakhazeni had not reviewed its LED strategy since its development in 2006; all the municipalities are implementing their LED strategies except for Umjindi and Emakhazeni due to budgetary constraints; three municipalities did not have LED forums namely: Umjindi, Msukaligwa and Dr. JS Moroka.

The HOD also reported that 18 out of 21 municipalities had Small Medium and Micro Enterprises (SMME) support programs. He also indicated the decrease in the number of jobs created from 15 514 in 2013/14 to 14 796 in 2014/15 financial year. In his closing remarks the HOD reported that the number of women participating in job creation initiatives has increased by 1% between 2013/14 and 2014/15 financial years. In 2014/15 financial year 19 out of 21 (90%) municipalities were with findings of the Auditor General's Report and only two (2) were without findings. The HOD also expressed his concern in the manner in which Local Government has failed to achieve the targets of clean audit outcomes for 2014/15 financial year.

The written responses were also tabled before the committee for deliberation.

## **6. COMMENTS BY THE COMMITTEE ON THE DEPARTMENTAL PRESENTATIONS**

After the presentation of the written responses, the Committee noted the following:

### **6.1. DEMOGRAPHIC PROFILING OF THE DISTRICTS**

#### **NKANGALA DISTRICT**

The Committee noted that the Nkangala District has six (6) Local Municipalities namely: Emakhazeni, Steve Tshwete, Emalahleni, Victor Khanye, Thembisile Hani and Dr JS Moroka. The population number is 1 308 129 constituting 32.4% of the total population in the province.

The Department also reported that the number of households is 356 911 constituting 33.2% of the total population in the province.

## **EHLANZENI DISTRICT**

There are five (5) Local municipalities namely: Mbombela; Umjindi; Nkomazi; Bushbuckridge and Thaba Chweu. The population number is 1 688 615 constituting 41.8% of the total population in the province and the number of households is 445 087 constituting 41.4% of the total population in the province.

## **GERT SIBANDE DISTRICT**

The Committee noted that Gert Sibande District has seven (7) Local Municipalities namely Chief Albert Luthuli, Msukaligwa, Mkhondo, Lekwa, Dr. Pixley ka Isaka Seme, Dipaleseng and Govan Mbeki. The population number is 1 043 194, constituting 25.8% of the total population in the province and a number of households of 273 490 constituting 25.4% of the total population in the Province.

### **6.2. Municipal Key Performance Areas**

The Committee wanted to know why the Portfolio Committee on Human Settlements and CoGTA should believe and accept that the Section 47 report is the true reflection of the performance of municipalities for 2014/15 financial year. The Department responded by indicating that the portfolio committee should accept the report on the basis that it is a reflection of information ascertained from annual reports of municipalities. It is however, requested that the portfolio committee should take into account that the report is subject to certain limitations in terms of the accuracy of the information contained.

In this regard the department undertakes to take precaution in using the report and material aspects thereof shall be subjected to stringent verification process in implementing corrective measures.

The Committee further needed to know whether the Department has a programme of action that seeks to assist municipalities to produce the credible annual performance reports. In its response the Department reported that municipalities were given the Municipal Finance Management Act (MFMA) Circular 63 as guidelines to assist them produce credible information. The circular sets out specific indications regarding the nature of the information required in order to ensure accuracy and credibility of the reports.

The Department undertakes in-year monitoring processes in the form of first quarter and mid-year review sessions. Through this process the department is able to guide the municipalities appropriately.

### **Good Governance**

The department has provided a summary of the analysis of the municipalities in terms of good governance focusing on the characteristics of good governance.

### **Political Stability**

The Committee noted that the political stability had reduced protests through effective community feedback, service delivery and law enforcement; as a key feature of the criteria for good governance demonstrated by the functional municipal council structures and committees. The department of CoGTA has reported that there is functionality of oversight committees (i.e. TROIKA; Sections 79 & 80 Committees and Audit Committees in municipalities).

### **Section 79 and 80 Committees**

The Committee wanted to know why Section 79 and Section 80 Committee not in place in Lekwa and Thembisile Hani Local Municipalities. The Department reported that both municipalities resolved not to establish Section 80 committees. The Department intervened and both municipalities have now established Section 80 committees.

### **Public Participation- Functionality of Ward Committees**

The Committee noted that in the 2014/15 financial year, 304 out of 400 ward committees were functional and 96 Ward Committees were non-functional. The Committee further noted that there are 350 wards that had Community Development Workers (CDW's)

### **Anti-corruption Prevention Plans**

The Committee noted that according to the Department 20 municipalities had developed and adopted the Anti-prevention plans whilst Dr JS Moroka Local Municipality did not. The Committee raised a serious concern because in 2013/2014 financial the municipality was not assisted. The Committee noted that the Department of CoGTA jointly with Provincial Treasury and Nkangala District will ensure that Dr JS Moroka Local Municipality develops and adopts Anti-corruption strategy.

## **6.3. Basic Services**

### **Services Delivery and Infrastructure Development**

The Committee noted that according to the Department of CoGTA, the Key Performance Areas (KPA) entails the assessment of the ability of municipalities to deliver infrastructure and basic services. The KPA also assesses the role played by different sector departments both national and provincial. Service Delivery in Republic of South Africa has assumed a center stage, firstly, due to the huge backlogs that were inherited from the past regime. Secondly, due to highly publicized service delivery protests which puts more pressure to local government to deliver on its mandate. The report also indicated the performance of municipalities during the municipal financial year ending in June 2015. The focal areas of this KPA are the following:

### **Access to basic services:**

- Access to potable water to households
- Access to adequate sanitation
- Access to electricity

### **Free Basic Services (FBS) and Indigent Policy implementation**

- Free basic water
- Free basic sanitation
- Free refuse removal

#### **6.3.1. Ehlanzeni District**

The Committee noted that in 2014/15 financial year, Ehlanzeni District had 457 610 households compared to 44 5087 in 2013/14 financial year. In 2014/15 financial year, households in Ehlanzeni District increased by 12 523 which translates to 2.7 % increase. Out of 457 610 households in Ehlanzeni District, 363 842 had access to potable water. A total of 390 182 households had access to sanitation from 390 657 which shows a decrease by 475 households as at June 2015.

#### **Free Basic Water**

In 2014/15 financial year a total of 62 111 indigent households in Ehlanzeni District were served with free basic water as compared to 29 824 in 2013/14 financial year. This shows an increase from 62 % to 90.6%.

#### **6.3.2. Gert Sibande District**

In 2014/15 financial year, Gert Sibande had 276 071 households compared to 277 807 in 2013/14 financial year. In 2014/15 financial year households in Gert Sibande District decreased by 1 736. Out of the 276 071 households in Gert Sibande District 261 107 had access to potable water. A total of 219 796 households had access to sanitation which shows a decrease from 234 128 in 2013/14 by 14 332 households as at June 2015.



### **Free Basic Water**

In 2014/15 financial year, a total of 41 267 indigent households in Gert Sibande District were served with free basic water as compared to 46 006 in 2013/14 financial year. This demonstrates an increase from 91 % to 97 %.

#### **6.3.3. Nkangala District**

In 2014/15 financial year, Nkangala District had 393 925 households compared to 389 224 in 2013/14 financial year. In 2014/15 financial year households in Nkangala District increased by 4701. Out of 393 925 households in Nkangala District 353 568 had access to potable water as at 2015. This shows that more households are receiving water i.e. 89.8 % households. A total of 317 024 households had access to sanitation which shows a sharp increase from 272 153 in 2013/14 by 44 871 households as at June 2015

### **Free Basic Water**

In 2014/15 financial year, a total of 33 748 indigent households in Nkangala District were provided free basic water as compared to 31 583 in 2013/14 financial year. This demonstrates an increase from 81.4 % to 84.9 %.

## **6.4. District Municipalities with developed Disaster Management Policy**

### **Disaster Management Policy Framework**

The Committee noted that the Department has provided the aim of the Disaster Management Act, No. 57 of 2002 i.e. to ensure a uniform approach to disaster, risk management in each sphere of government. The main objective of this framework is to contribute to the overall resilience of communities and infrastructure to disaster risk, to strengthen the capacity of the province, districts and municipalities in pre-empting and responding to disasters as well as ensuring cross functional disaster management in all spheres of government.

The Committee noted that according to the Department, that state of affairs is as follows: 14 out of 21 municipalities had disaster management centres established; five (5) municipalities shared disaster management centres with their district municipalities and 8 municipalities (i.e. three (3) districts and (eight) 8 five (5) local) have disaster management frameworks. The Committee wanted to know the challenges encountered by five (5) municipalities with shared disaster management centres with their district municipalities. The Department reported that the challenges faced by municipalities are in relation to constraints in the appointment of dedicated officials who specialize in disaster management and the implementation of the disaster management plans.

The Department further reported that the municipalities do not prioritise on disaster management during the planning and budgetary processes resulting in severe budgetary constraints that limit the implementation of disaster plans. The function is regarded as a non-trading or revenue generating service. It is also regarded by local municipalities as a function of district municipalities.

The Committee further wanted to know if there are such challenges in those municipalities and what are the mitigating factors. The Department reported that in order to mitigate the challenges in municipalities, there is a significant move by district municipalities to build local satellite centres and deploy dedicated staff in the low revenue base municipalities. The Department also analyses municipal disaster management plans that are incorporated annually in the municipal Integrated Development Plans (IDPs). The Provincial Disaster Management Centre operating under COGTA renders support and rapid response during disasters in all areas in the Province.

### **Own Disaster Management Framework**

The Committee requested the Department to provide reasons why only eight (8) municipalities have their own disaster management frameworks.

The Department responded by indicating that the Disaster Management Act requires only district municipalities to develop disaster management frameworks and disaster management plans for the district area. On the other hand local municipalities are required to have disaster management plans in line with the district and provincial disaster frameworks.

The Committee wanted to know why there is inadequate funding and staff shortage for disaster management. The Department in its response reported that the municipalities derive most of their budgets from own revenue, equitable share and conditional grants. Municipalities often have limited budgets with which to cater for most critical functions. The critical nature of the backlogs for services such as water, sanitation and waste removal compels municipalities to allocate bulk of their budgets towards eradicating those backlogs. This often results in very limited allocation of funds towards disaster management.

## **7. Local Economic Development (LED)**

The Committee noted that the Department has provided detailed information with regard to the LED per municipality. However, the Committee wanted to know how authentic, are the figures in terms of posts filled per municipality. The Department reported that the figures in terms of the filled posts are authentic as they have been derived from the audited municipal annual performance reports.

The Committee also requested the department to confirm that during the period under review Lekwa Local Municipality had filled only two posts. The Department confirmed that posts that were filled are for Director: Planning and Local Economic Development and LED Manager. The Committee was also informed by the Department that municipalities get budgets for their LEDs through Equitable Share; Conditional grants (EPWP); Own revenue and Corporate social investments.

The Committee further wanted to know why other municipalities were not provided with Budgets for three (3) years in succession such as Thaba Chweu; Chief Albert Luthuli; and Lekwa; Msukaligwa; Emalahleni; Emakhazeni and Dr JS Moroka; also other Municipalities were not provided with a budget for two years in succession, such as Nkomazi; Dipaleseng; Dr Pixley Ka Isaka Seme; Gert Sibande; Steve Tshwete and Nkangala. The Department in its response reported that the Expanded Public Works Programme (EPWP) incentive grant from the Department of Public Works is one of the main funding sources to assist municipalities to implement LED projects using labour intensive methods to accelerate job creation and poverty alleviation. Municipalities that did not comply with the conditions of the EPWP incentive grant did not receive allocations.

## **8. Financial Management**

### **Annual Financial Statements**

The Committee noted that the 21 municipalities submitted their unaudited 2014/15 Annual Report together with Annual Financial statements by the statutory deadline of 31 August 2015 to the Auditor General; the Committee further noted that seven (7) out of twenty one (21) municipalities used consultants in the preparation of Annual Financial statements. According to the report of the Department, the Provincial Analysis indicates that there was poor spending of capital budget with regard to municipal capital budget; Utilisation of grant funding for operational expenditure due to cash flow challenges. The Committee also noted the overall cumulative revenue generated by municipalities within the province as at June 2015 amounted to R28 327 272 000.

In 2014/15 municipalities in the province were able to spend 91% of the total R1,7 billion allocated for MIG; only six (6) Municipalities managed to spend 100% of their MIG allocation namely Umjindi, Emakhazeni, Thembisile Hani, Chief Albert Luthuli, Dr Pixley ka Isaka Seme and Mkhondo.

## **MFMA Audit Outcomes**

The Committee noted that In the past four years, the Auditor General of South Africa (AGSA) has consistently highlighted that; for municipalities to improve their audit outcomes they should have stability in key positions, invest in training programmes to ensure that the skills and competencies of staff (particularly in the finance unit) are enhanced, and institute consequences for poor performance and transgressions.

The Committee wanted to know why the Department of CoGTA and Local Municipalities fail to implement the aforesaid recommendations of the Auditor General of South Africa (AGSA); if the recommendations were implemented, to what extent did the Department of CoGTA and Local Municipalities invest in training programmes. The Department reported that considerable steps were taken by municipalities to comply with the recommendations of the Auditor General (AG). However, various factors including difficulty in attracting adequately skilled personnel rendered the efforts of the municipality and the Department inadequate to fully comply with the recommendations of AGSA. GRAP training on how to prepare GRAP compliant financial statements was offered to 54 officials.

The Department further reported that in 2015/16 financial year, 65 internal auditors were trained on how to review the annual report, which includes the performance and financial statements. All municipalities' budget and Treasury Office officials were trained on standing operating procedures in the areas of expenditure management, revenue management, supply chain management, contract management and asset management. The Committee further wanted to know if there were officials subjected into disciplinary inquiries. The Committee requested the Department to provide a detailed register of all officials that were subjected into disciplinary inquiries.

The Department reported that there were fourteen officials that were subjected to a disciplinary action which are as follows:

<b>Name of the Municipality</b>	<b>Number of officials</b>
Bushbuckridge	1
Emalahleni	5
Emakhazeni	1
Chief Albert Luthuli	2
Mkhondo	5

The Committee further wanted to know the plan of the Department of CoGTA, Ehlanzeni District Municipality and Steve Tshwete Local Municipality that would ensure that they maintain financially unqualified audit outcomes with no findings. The Department in its response reported that the Department of CoGTA and Provincial Treasury assisted the Ehlanzeni and Steve Tshwete municipalities to develop audit action plans and these plans are monitored on a monthly basis.

### **Internal Controls**

The Committee noted that according to the AGSA's report, internal controls continued to deteriorate at municipalities, resulting in over-reliance on consultants. The Committee wanted to know if the Department of CoGTA and municipalities has put measures in place to improve internal controls and further wanted to know why internal controls still continue to deteriorate at municipalities.

In its response, the Department reported that the Provincial Treasury with the support of SASOL assisted municipalities with the development of Standard Operating Procedures in the areas of expenditure management, revenue management, supply chain management, contract management and asset management.

All the Standard Operating Procedures (SOPs) were validated in Govan Mbeki Municipality for relevance and thereafter provided to all municipalities for implementation to improve on internal controls. It has however been noted that internal controls in municipalities have continued to deteriorate as a result of a lack of proper implementation of these controls by officials. CoGTA with the assistance of Provincial Treasury have continued to provide training, support and monitoring in order to enhance functionality of internal controls in municipalities.

The Committee further wanted to know whether the Department of CoGTA and Municipalities ensure that municipalities employ people with the requisite skills/expertise in the finance unit in municipalities. The Committee requested the Department to further explain why municipalities continue to over-rely on consultants to improve the quality of the financial statements.

The Department in its response reported that in terms of Section 56 of the Municipal Systems Act of 2000, a municipal council must appoint a manager directly accountable to the municipal manager, who must have skills, expertise, competencies and qualifications as prescribed. The Department of CoGTA has a role to support municipalities to ensure that they appoint managers that are suitable and qualified to meet the requirements. The department has also ensured that municipalities appoint suitably qualified CFO's by verifying compliance to the minimum competency levels prior to the MEC concurring with the appointments. The prerogative to appoint officials below the level of section 57 managers remains the prerogative of the municipality. The use of consultants by some municipalities is due to the financial reforms, as currently implemented in municipalities, which requires specialists for compliance. (General Recognised Accounting Practices Compliance). Provincial Treasury and COGTA emphasized the need to ensure skill transfers are taking place where consultants are utilized.

The Committee also noted that the Auditor General report asserted that 'internal controls in the province remained weak, especially the seven basic controls, namely effective leadership, human resource management controls, actions plans, IT controls, record keeping, daily and monthly controls as well as monitoring compliance.

## **Compliance with legislation**

The AGSA also indicated that the province has been struggling to improve its compliance with legislation for the past five year. The Committee wanted to know the difficulty for municipalities to comply with legislation. The Department reported that municipalities have poor levels of internal controls and that is mainly the reason for non-compliance to legislation.

## **Irregular Expenditure**

The Committee also noted that AGSA reported that the province has been very slow to start investigations to deal with irregular expenditure and since these investigations are taking a long time to finalize, the total closing balance of irregular expenditure stood at R2.6 billion at the end of June 2015. The Committee further wanted to know why is the Department of CoGTA, Provincial Treasury and Municipalities slow to initiate investigations on irregular expenditure. The Department reported that the failure of municipalities to report any unauthorised, irregular or fruitless and wasteful expenditure in terms of Section 32(4) of the MFMA, makes it impossible to identify such expenditure. In terms of Section 32(2) (b) of the MFMA any unauthorised, irregular or fruitless and wasteful expenditure must be investigated by a council committee. The Committee was informed that with the introduction of the unauthorized, irregular, fruitless and wasteful expenditure registers the department will be able to monitor action taken by municipalities.

## **Integrated Municipal Support Plan (IMSP)**

The Committee wanted to know why the Department of CoGTA failed to monitor the implementation of the integrated municipal support plan (IMSP).



The Department reported that the Integrated Municipal Support Plan was approved by Exco in September 2014. The Department assisted the three District municipalities to develop their own IMSPs. To improve the oversight on the implementation of the IMSP the Department established an IMSP Task Team to monitor the implementation. The Task Team consists of COGTA, Provincial Treasury, SALGA and the three district municipalities. The Department subsequently developed the Targeted Key Focus Area Scorecard to monitor the implementation of the IMSP. It is through the Scorecard that the Department has been able to identify dysfunctional, functional but not sustainable municipalities and functional and sustainable municipalities. In September 2014 when the IMSP was introduced, ten municipalities were found to be dysfunctional and through continuous monitoring and support these municipalities had been reduced to five by September 2015

## **9. FINDINGS**

After the interaction, the Committee found that:

- (a) There is poor monitoring regarding the implementation of Section 46 template by municipalities; the Section 47 report had many discrepancies that were picked up, some of which are copy and paste.
- (b) There are 14 out of 21 municipalities that have disaster management centres established.
- (c) Umjindi and Emakhazeni have not implemented the Local Economic Development (LED) strategies due to budgetary constraints.
- (d) Seven (7) out of 21 municipalities are using consultants in the preparation of Annual Financial Statements.
- (e) Only six municipalities were able to spend 100% of their Municipal Infrastructure Grant (MIG) allocation.

- (f) Dr. JS Moroka Local Municipality has not developed the anti-corruption plan in 2013/2014 and 2014/2015 financial year.
- (g) Public Participation is still a challenge in some municipalities
- (h) The department failed to ensure that municipalities implement the recommendations of the Auditor General.
- (i) Municipalities have incurred an irregular expenditure of R2.6 billion at the end of June 2015.

## **10. RECOMMENDATIONS**

The Committee recommends that the department must:

- a) Provide reasons why municipalities overlook the implementation of the Section 46 template and the department must train and monitor the implementation of the template.
- b) Ensure that disaster management centres are established and equipped in all the municipalities.
- c) Ensure that Umjindi and Emakhazeni are assisted in implementing their Local Economic Development (LED) strategies.
- d) Ensure that it employs qualified personnel with requisite expertise so as to minimize the use of consultants in the preparation of financial statements in municipalities.
- e) Strengthen its monitoring and provide a detailed report on why not all municipalities are unable to spend their Municipal Infrastructure Grant. A Quarterly progress reports to be submitted on a quarterly basis,

- f) Ensure that Dr. JS Moroka Local Municipality is assisted in developing the anti-corruption plan by 30 December 2016 and also ensure that municipalities review their anti-corruption policies by 30 June 2017.
- g) Ensure that all affected Municipalities develop and implement their Remedial Action Plans for the department to monitor the implementation. A progress report to be submitted on a quarterly basis.
- h) Must ensure that all recommendations that were given to the Department by the Auditor General are implemented as a matter of urgency and the Department is requested to provide a quarterly progress report on a quarterly basis.
- i) The Department must fast track the investigation of the irregular expenditure of R2.6 billion that the municipalities incurred at the end of June 2015 and that a detailed progress report is submitted by 30 December 2016.

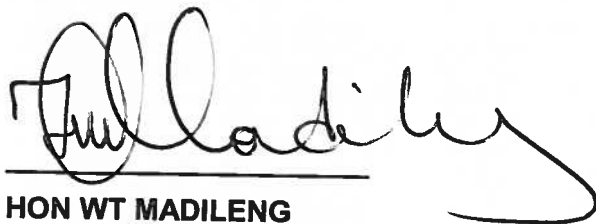
**A progress report must be submitted to the Legislature on or before 28 February 2017.**

## 11. CONCLUSION

The Chairperson wishes to express his gratitude to the MEC RM Mtshweni, HOD and the senior officials of the Department of Co-operative Governance and Traditional Affairs for their active involvement during the deliberations on the Section 47 Consolidated Annual Municipal Performance Report of the Department of COGTA for 2014/15 financial year.

The Chairperson further wishes to thank the Hon. Members of the Committee for their sterling participation and input during the deliberations and also thank the Legislature staff for the support they provided to the Committee during the deliberations.

Lastly, the Chairperson requests the august House to adopt the report with its recommendations.



HON WT MADILENG

CHAIRPERSON OF THE PORTFOLIO COMMITTEE

ON HUMAN SETTLEMENTS & COGTA

02/11/2016  
DATE